GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:730
ANSWERED ON:01.03.2013
SEPARATE INVESTMENT ADVISORY SERVICE
Shetkar Shri Suresh Kumar

Will the Minister of FINANCE be pleased to state:

(a) whether the Securities and Exchange Board of India (SEBI) has asked the banks and other Non Banking Financial Companies (NBFCs) to segregate investment advisory services from other activities being performed by them;

(b) if so, the details thereof; and

(c) the reaction of the banks including NBFCs thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a): Yes, Sir.

(b): Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 was notified on January 21, 2013. As per the Regulation, in case a bank or a Non-Banking Financial Company (NBFC) proposes to undertake investment advisory services, such services need to be undertaken through a subsidiary or a separately identifiable department or division. Segregation from other activities has been stipulated to mitigate conflict of interest.

(c): No formal representation from banks / NBFCs has been received by Securities and Exchange Board of India (SEBI) after the notification of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013.